GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:793
ANSWERED ON:01.03.2016
FDI in Multi Brand Retails for Food Products
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government has a proposal to allow up to 100 % foreign direct investment in multi brand retail for food products;
(b) if so, the details and the objective thereof;
(c) whether the Government is also considering a 10 year tax holiday for food processing units besides relook at FDI policy in multi brand retail in food processing as a part of the Make in India initiative;
(d) if so, the details thereof along with the time by which a decision in the matter is likely to be taken;
(e) the details of the likely effect of 100% foreign direct investment in multi brand retail for food products on small enterprises; and
(f) the steps taken by the Government for reducing wastage, helping farm diversification and encouraging global giants to produce locally rather than import items?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SADHVI NIRANJAN JYOTI)

(a) & (b): Yes sir. A proposal is under consideration to allow 100% foreign direct investment in multi-brand retail of food and food products produced and manufactured in India. The objective of the proposal is to enable big multinational retail chains in the food and food processing sector create back-end infrastructure and bring in latest technology to the farm sector. This would increase the level of food processing in the country, reduce wastage, control food inflation, create employment opportunities and increase income of the farmers.

(c) & (d): Yes sir. A proposal has been submitted to allow 10 year tax holiday for setting up food processing units in Mega Food Parks. Government has examined the proposal along with other tax proposals while finalizing the Union budget of 2016-17.

(e): The creation of back-end infrastructure by multinational food retail chains would provide common facilities for supporting food processing industries. Such facilities include collection centres, cold chain, packaging, logistics and food testing laboratories, which would benefit the small enterprises. The presence of multinational food retailers would also provide an assured market to farmers and small enterprises for selling their food and food products.

(f): For reducing wastage and helping farm diversification government has been actively supporting setting up of Mega Food Parks and creation of integrated cold chain infrastructure through provision of subsidy and tax benefits. A special corpus of Rs.2000 crore has also been constituted with NABARD to provide concessional credit for financing of Mega Food Parks and processing units to be set up therein and in other designated food parks. Government was also providing subsidy for setting up food processing units before the scheme was transferred to the state governments. All credit disbursed for setting up food processing units and cold chain infrastructure has been brought under priority sector lending by the RBI in order to urgently attend to the financing needs of the food processing sector. For encouraging global giants to produce locally, Government has been running the 'Make in India' campaign. The 'Make in India Week' was recently organized in Mumbai to promote India as an investment destination for most of the sectors including the food processing industries.

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